

CORPORATE SOCIAL RESPONSIBILITY FOR BIG, SMALL & MEDIUM-SIZED CONSTRUCTION ENTERPRISES

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ABSTRACT

Corporate social responsibility (CSR) promotes the concept that a business has an obligation to do more than just generate a profit for its owners. For any business, corporate social responsibility can mean embracing a charity or following environmentally-sound practices such as recycling. Integration with the concept of CSR and sustainability is seen as an innovations and niche advantages for the construction business. Companies are primarily businesses but are encouraged to address social and environmental issues arising in the course of operations and dealings with employees, customers, and other stakeholders.

The main aim of this article is to point out the impact of corporate social responsibility on business in the construction enterprises.

Key words: *corporate social responsibility, ethical standards, construction industry*

1 INTRODUCTION

Corporate Social Responsibility is a form of corporate self-regulation integrated into a business model. CSR policy functions as a self-regulatory mechanism whereby a business monitors and ensures its active compliance with the spirit of the law, ethical standards and national or international norms. With some models, a firm's implementation of CSR goes beyond compliance and engages in actions that appear to further some social good, beyond the interests of the firm and that which is required by law. [1]

Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

Traditionally in the United States, CSR has been defined much more in terms of a philanthropic model. Companies make profits, unhindered except by fulfilling their duty to pay taxes. Then they donate a certain share of the profits to charitable causes. It is seen as tainting the act for the company to receive any benefit from the giving.

The European model is much more focused on operating the core business in a socially responsible way, complemented by investment in communities for solid business case reasons. Personally, I believe this model is more sustainable because: Social responsibility becomes an integral part of the wealth creation process - which if managed properly should enhance the competitiveness of business and maximize the value of wealth creation to society.

The term CSR is often used interchangeably with others, including corporate responsibility, corporate citizenship, business in society, social enterprise, sustainability, sustainable development, triple bottom line, societal value-added, strategic philanthropy, corporate ethics, and in some cases also corporate governance. In some cases the definition has been distorted by researchers so much that the concept becomes morally vacuous, conceptually meaningless, and utterly unrecognizable or CSR may be regarded as the panacea, which will solve the global poverty gap, social exclusion and environmental degradation. [2]

1.1 Role of Big, Small & Medium – Sized Companies in Global CSR

As a busy entrepreneur, how do you ensure the long-term competitive advantage and continuity of your business? By servicing customers and nurturing new ones, by developing new products and services, and – above all – by being profitable. Corporate Social Responsibility – or responsible entrepreneurship as we will call it here – can help you to achieve all of these goals.

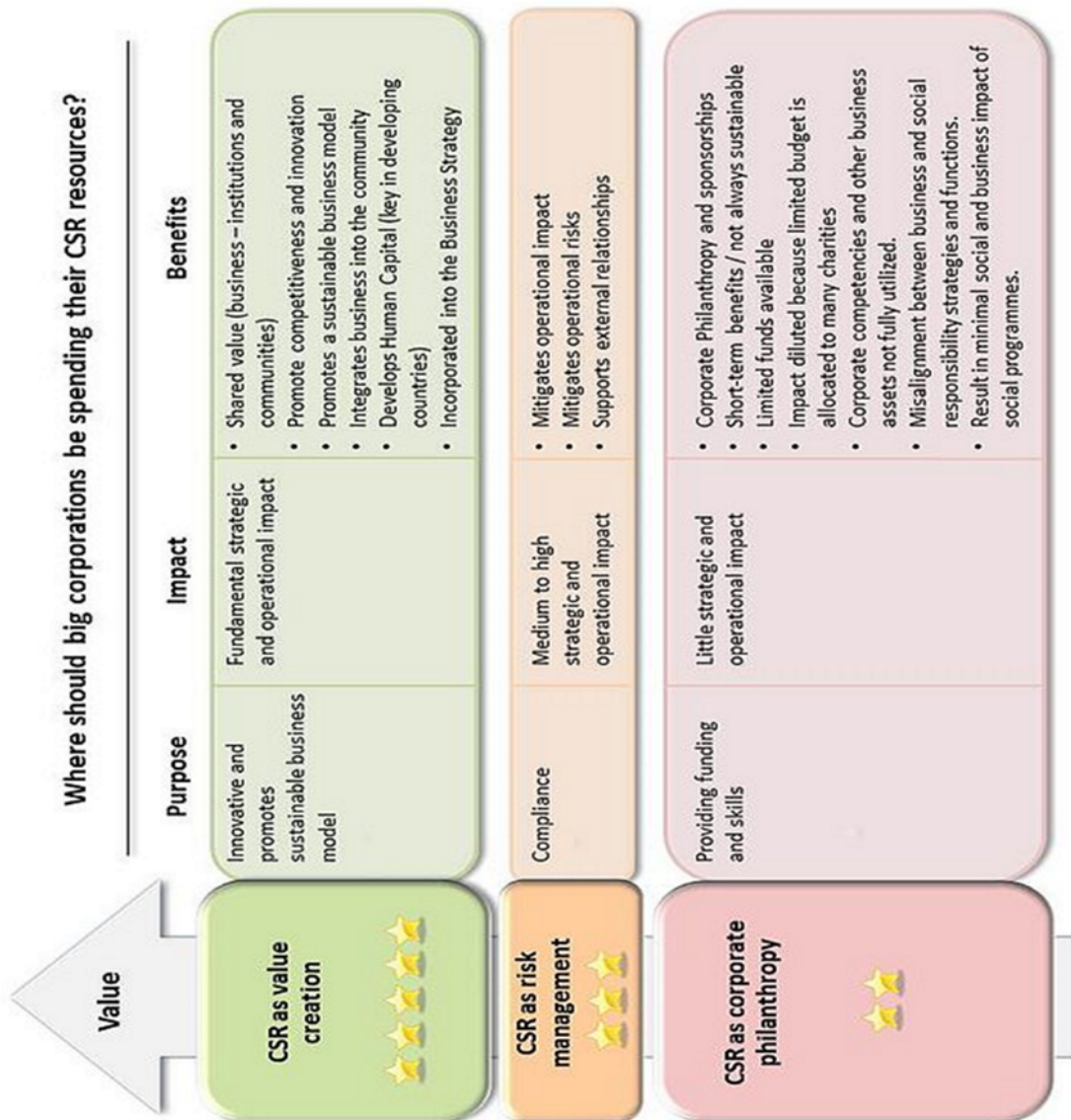


Fig. 1 CSR of resources of big corporations

Source: Available at: https://en.wikipedia.org/wiki/Corporate_social_responsibility

Regarding a role of small and medium – sized enterprises (SMEs) in global CSR, SMEs are similarly as large companies involved in global CSR. However, they are usually not the key players but rather they are followers and those who are influenced by large and multinational companies as a consequence of them being incorporated into global production and value chains of these corporate

giants. Because of great number of SMEs in national economies, their role in global CSR is also significant. Nevertheless, as stated below, their role in global CSR does not have to be always a positive one. [3]

1.2 Responsible Entrepreneur

Responsible entrepreneurship is essentially about maintaining economic success and achieving commercial advantage by building reputation and gaining the trust of people that work with or live around your company. Your customers want a reliable supplier with a good reputation for quality products and services. Your suppliers want to sell to a customer that will return for repeat purchases and will make payments in a timely manner. The community around you wants to be confident that your business operates in a socially and environmentally responsible way. And lastly, your employees want to work for a company of which they are proud, and that they know values their contribution.

1.3 Responsible Entrepreneur in Practice

Responsible entrepreneurship involves taking action to integrate social and environmental issues into business operations. If you are tackling these issues for the first time, it may be best to start small, focusing on something that is immediately relevant to your business and that you know you can achieve. And don't forget to tell people what you are doing!

You may be interested in working together with other organizations or companies to promote responsible business practices. For example you might be able to participate in a scheme run by the government or local authorities, or join a business association with a particular interest in responsible entrepreneurship. Or you might want to join forces on specific CSR projects with other companies, such as your suppliers. Many of these types of relationships are available at little or no cost to the enterprise. Where costs are incurred, careful targeting and management can ensure significant return on your investment in terms of good publicity, enhanced employee morale, improved company reputation and access to new markets. [4]

2 10 CSR IDEAS TO RETOOL THE DESIGN AND CONSTRUCTION INDUSTRY

Corporate Social Responsibility not only encompasses what a firm does externally, but internally as well. Designers specify, and construction companies build, hundreds, thousands or even several thousand miles from their corporate headquarters. This provides many challenges as well as opportunities for firms to demonstrate their level of corporate responsibility.

The areas where design and construction firms can have the biggest CSR impacts are in specifying responsible products, selecting responsible supply chains (suppliers and subcontractors), minimizing environmental damage, using energy efficient designs, reducing waste during construction and most importantly, maintaining the health, safety and welfare of their (and their supply chain's) employees.

Firms tend to pursue CSR efforts via philanthropy and employee volunteering. A more effective approach is to pursue CSR with a strategic focus by finding and focusing on issues that the business brings specialized knowledge or competency to. Philanthropic and volunteer achievements tend to be shorter term. In order for CSR efforts to be durable, they must align well with the overall business and not seem like flavor-of-the-month efforts, or be diluted by scattershot efforts.

The European Union's research shows that the design and construction industry should focus primarily on internal CSR issues because the industry lags others in getting its own houses in order. Therefore,

this list is focused on internal CSR opportunities that can improve operations, attract and retain employees, raise productivity and improve the industry's image.

1. Flexitime: Some employees might need to drop children at school and others might have aged parents that need looking in on during the day. Workers who have some flexibility around their work schedule tend to perform better due to reduced stress and worry.

2. Work-from-home plans and subsidized public transit: While working from home was trendy a few years ago, since the financial crisis it seems as if firms have tightened the reins and prefer to have everyone in the office again. Work from home might not be for everyone, but many more people could work from home instead of adding to traffic and spending one to three hours commuting. At the very least, for those who must commute to the office, providing subsidized public transit or incentives to use alternative means of commuting are encouraged.

3. Improved hiring practices: This comes down to hiring both the young and aged, coupled with apprenticeship and on-the-job-skills-training. Every week or two, headlines declare a shortage of skilled workers — then the very next headline proclaims that unemployment and underemployment remain stubbornly high. How can that be? Does a receptionist really need a BA in English? Following the principles of the automotive industry's "lean manufacturing" system, most jobs can be broken down into a few particular skills, which can be learned so long as an individual has the appropriate aptitude, attitude and willingness to learn. Instead of looking for five-legged speckled sheep, firms should ask what can be taught on the job to the abundant average sheep.

4. Career management and mentoring: Many women and some men find that starting or having a family is a liability to their career — especially in the construction industry, where long stays away from home, frequent moves and an unstable economic environment are prevalent. These conditions make family life difficult and often cause lasting damage to families through divorce, missed childhoods and the like.

Construction careerists seem to be forced into choosing stable family lives or their careers. Instead, firms could work with employees to help create the stability and continuity that would keep individuals on a satisfactory career trajectory while balancing family needs. This could be in the form of reduced working hours, job sharing, more flexible hours, childcare facilities, minimizing time away from home and many other solutions. The key is to communicate that balanced employees perform better and that a career managed actively with both the firm and individual is a much better approach than either one trying to find a solution unilaterally.

5. Paying living wages to all employees: Simply ensuring that employees in the company have the possibility to make ends meet and are not having to depend upon social services for health care or food supplementation, thus being a drain on the social safety net, are all key performance indicators in determining whether a firm is a socially responsible company. Construction trades used to pay well enough for people to work on construction projects, then be laid off for a few weeks or months until another project came along. Unfortunately, trade wages and benefits have declined significantly over the last 30 years in both real and nominal terms for most. Ensuring that your entire supply chain pays its employees properly is necessary.

6. Purchasing responsibly: Growing, harvesting, mining and manufacturing construction products and shipping them around the world is costly and wasteful. However, wage and tax arbitrage continues to be profitable for the foreseeable future, at least until firms are required to internalize more external costs. Over the past decade, the U.S. Green Building Council's LEED program has included provisions for buying local, which was a good start, but many things simply cannot be procured locally. Having purchasing processes and procedures for the procurement of things such as goods, services and

subcontracts, with a balanced focus on durability and localness, can have a positive impact in both social and environmental terms.

7. Minimizing waste: Mandatory recycling on projects has been growing, albeit slowly, on jobsites everywhere. Other strategies, including the better use of materials, reduction in piping leftovers and prefabrication, also save money while reducing landfill waste.

8. Helping to enforce better energy efficiency requirements: It's important that professionals spend more effort influencing owners and building code officials to adopt the most practical and stringent energy efficiency requirements. Indeed, many design and construction firms have employees on professional association committees that have direct influence on building codes. Unfortunately, many jurisdictions either loosely enforce codes or are a decade behind the latest code adoptions. By encouraging owners to look at total cost of ownership, including operations and maintenance and not simply the initial cost of a project or the minimum that will pass codes owners can better reap the full benefit of the latest energy efficiency requirements. This means owners will be fully informed in terms of energy efficiency and durability of finishes and equipment. While many owners already take a long view, design and construction professionals could take a more active, leading role in educating those that are still only looking at initial build costs.

9. Mentoring and sharing training with subcontractors and other firms: Many smaller firms and subcontractors would welcome the opportunity to share best practices and learn from other firms. Smaller firms might not have the ability to provide continuing education to their employees. By sharing educational opportunities, such as bringing in outside trainers, the smaller firms could learn alongside others, sharing the costs while improving knowledge and, in turn, the industry.

10. Establishing ethics help lines: Some firms have established ethics help lines to answer questions regarding the ethical concerns of employees. For some firms working across continents and cultures, the lines between cultural norms and ethics can be blurry if not completely overlapping. Having a third party outside the chain of command of operations can be very helpful in advising and, when necessary, investigating dealings that are ethically or legally questionable. [5]

3 CONCLUSION

Corporate Social Responsibility activities in the construction sector focus on occupational health, security and safety on the one hand, and on sustainable construction and accordingly eco compatible buildings on the other. Public CSR policies in the construction sector should set a good example in public procurement processes, establish standards (e.g. for energy consumption), enforce the implementation of existing norms and regulations (e.g. occupational health and safety), and combat corruption. [6]

Integration with the concept of CSR and sustainability is seen as an innovation and niche advantage for the big, small and medium – sized companies. On the other hand, current economic situation and the low-cost strategy impacts competitiveness strategies. Their main focus turns to compete on price without decreasing their quality, however, low cost strategy can damage responsible business philosophy and the image of construction industry. Also due to the complex structure of the construction industry, CSR could be analyzed in detail according to different parameters such as company scale, business type, and business area – domestic or international. [7]

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